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**CALFED Bay-Delta Program
Public Hearing
August 18, 1999
Stockton**

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**STATEMENT OF PAUL STEIN ON BEHALF OF THE
MOUNTAIN COUNTIES WATER RESOURCES ASSOCIATION**

My name is Paul Stein. I am a member of the Board of Supervisors of Calaveras County, and I am appearing this evening in my capacity as Chairman of the Mountain Counties Water Resources Association to comment on CALFED's June 25 draft environmental impact statement/report on a final preferred alternative. I ask that a copy of my written comments be made a part of the record in this proceeding.

The Mountain Counties Water Resources Association (MCWRA or Association) is composed of counties and public water districts and agencies located in the central Sierra and Foothill Regions. This includes the region encompassed by the counties of Sierra, Nevada, Yuba, Placer, El Dorado, Amador, Calaveras, Tuolumne, and Mariposa.

Our members encompass a major portion of the watersheds on the western slope of the Sierra Nevada Mountains that are tributary to the Sacramento and San Joaquin Delta, including the watersheds of the Yuba, Bear, Cosumnes, Mokelumne, Calaveras, Stanislaus, Tuolumne, and Merced Rivers.

MCWRA is concerned about the ultimate outcome of the CALFED process and whether it will yield any real benefits or cause any detriments to our region. DWR Bulletin 160-98 has projected year 2020 water supply shortages for our region which represent a significant part of our total existing water usage.

As the Chair of MCWRA it is my duty to continually express a fervent interest in a storage component in whatever final solution is reached by the CALFED process. The counties of origin I speak for have an imperative to develop water storage to ensure a reliable water supply for their rapidly growing populations. Without a strong commitment from the CALFED process to support the development of additional storage as part of the ultimate plan, our region will be more vulnerable to environmental interests that strongly, and perennially, oppose the storage imperative.

Unfortunately, at least for now, and during the next seven years, new water storage and conveyance are not part of the Program.

It is illogical for all California's water users to collectively look to the Mountain Counties, which supply the substantial portion of the water flowing to the Delta, as the critical source to provide the necessary flushing flows for the ecosystem, without also considering our region's immediate need to secure long-term water availability. Without

storage capacity, reliable water delivery cannot be achieved. We cannot satisfy a growing multiplicity of consumptive and environmental uses and requirements from the same existing and finite source of water.

MCWRA participates jointly with other stakeholders in the CALFED process as part of the Ag/Urban Policy Group. Recently this Group has supplied CALFED with suggestions to meet upstream requirements, which include, inter alia, the following: acceptable levels of funding for a Rural Development Fund (low interest loans, grants and local match) which could bring about improvements for tributary area conveyance and distribution facilities; local participation in new storage; local participation in acquisition of small hydropower facilities; development of reclaimed water and planning grants to develop the best combination of alternatives. In addition upstream interests are looking for adequate funding of watershed restoration to protect water quality and water supply; funding for analysis of alternatives to meet upstream area of origin needs in ways that minimize impacts to downstream interests; and a commitment that future Delta environmental needs will not require additional upstream restrictions.

These needs and suggested-CALFED solutions to our region's water supply concerns, are better understood from an examination of some of the characteristics of our region. Our geography is characterized by mountains, valleys and foothills. Our population is relatively small and rural but it is fast growing with many of our member Counties predicting a 100% increase in population by the year 2020.

Our region has limited water supply options which is ironic when considering that much of California's water originates in our region as snowfall and runoff. However, most of this water has been prior-appropriated by more populous coastal and central valley interests. The mountain county region itself uses less than 3% of the water originating there. Our region has a limited supply of reliable groundwater and we are not in the best physical situation to take advantage of typical "water transfer" options.

A portion of our future increased supply will have to come from "conservation" options, primarily in the form of improvements to unlined and outdated conveyance facilities. There also may be limited opportunities for expansion or use of storage in existing facilities owned by others, and as result of the relicensing of FERC regulated projects. Most of our region's existing supply comes from locally developed surface water, and water to meet our future requirements will also need to come from additional surface storage which, as a geographic and physical reality, will likely come from on-stream storage projects. We recognize that on-stream storage is disfavored by the "environmental" community and by the CALFED process as well, but for our region it will be a necessity, even though it will face many development obstacles.

In addition to these limiting characteristics, we have the related financial limitation of a small population and rate base over which to spread our water development and water treatment costs, and we must deal with the reality that the incremental costs of new water development is much higher today than it was thirty years ago because only the

more marginal sites remain, and because of greatly increased environmental compliance and mitigation costs.

We are also constrained by further limitations on our ability to divert water, created by individual stream full-appropriation declarations, and the State Water Resources Control Board Term 91 condition included in some upstream water rights permits which has the effect of precluding upstream diversions when the CVP and SWP are releasing water from storage to meet environmental requirements.

While much of our region is the intended beneficiary of watershed and county of origin statutes, to this point those entitlements remain regularly challenged and largely unsatisfied. These county and watershed statutory protections are included, respectively, in Sections 10505, and 11460 and 11463 of the California Water Code, and were intended to assure that there would be adequate water reserved to meet the needs of upstream areas after development of the State and Central Valley Projects. To this end the State of California filed water right applications for future assignment to these areas as their needs increased. These rights are very important to the members of MCWRA and it expects CALFED to fulfill its commitment that the CALFED process will have no adverse effects on area of origin rights.

It is no secret that our region's water users do not believe they are the cause of Bay-Delta environmental problems, nor that they should bear the pain of fixing the problem. The present effort to impose high water quality standards in the Delta is a result of the Delta being the transport facility for downstream exporters, many of whom are exporting significant amounts of water for domestic consumptive use. We do sympathize with their problem but do not think our meager water supplies should be any part of the solution.

But the CALFED Program at this point does not appear to produce any new water for our upstream region. Perhaps this could change in the future as actual storage facilities are selected, but that process is estimated to take place 7-10 years from now, and after initiation of the environmental restoration efforts. In the meantime, hopefully the preferred alternative will increase the reliability of export supplies, thereby indirectly taking pressure off natural flows needed for diversion upstream in our region.

There is a separate area of origin work group within the Ag/Urban Policy Group which is specifically reviewing the area of origin issues. The approach of the work group recognizes that area of origin laws will allow future upstream development, even if that development results in a reduction of inflow into the CVP and SWP. The approach proposes the utilization of Sacramento Valley storage to meet downstream Bay-Delta environmental purposes for mitigation of future upstream diversions made to meet area and county of origin needs, both on an interim basis as upstream demands build, and also to provide some Sacramento Valley storage water for Bay-Delta environmental purposes on a long-term basis.

The current approach taken by Ag/Urban and MCWRA on this issue is not one which attempts to argue what area and county of origin rights legally entail, but rather seeks a constructive and practical solution to our region's water resource problems. We believe the approach to meeting area of origin protections is to identify the future needs and to build solutions to those needs into the CALFED program and the agreements that implement the program.

To this end Mountain Counties retained a private engineering consultant to prepare a "Water Needs Assessment" to provide it with a more detailed projection of its water needs, an identification of possible solutions to fulfill those needs, and possible constraints on those solutions, in order to provide better input to the CALFED process. The Assessment identified existing supplies; where additional water can come from system loss reductions, and where new supplies are needed. The Assessment indicates that our region's future water supply situation falls into three general categories:

1. Where water entitlements are fully used, and supplemental entitlements and infrastructure are required immediately.
2. Where available supplies are fully used, and new infrastructure to recover water losses will postpone the need for supplemental entitlements.
3. Where entitlements are adequate, but significant infrastructure is required to convey the water to its place of use.

At this point we have determined that our projected regional water needs are very modest relative to the needs of other regions and statewide—on the order of 100,000 af by the year 2020. This represents about 3% of the statewide demand by 2020. We hope that the CALFED solution will provide a real means for us to meet this demand.

Mountain Counties' will need to seek CALFED and, where feasible, downstream user financial participation in identified projects. Unless "new" water can be developed by additional storage possibilities, probably the most feasible and helpful approach would be a CALFED project grant/low interest loan fund, as indicated earlier, which could enable the Mountain Counties to develop its future requirements.

It is critically important that the CALFED process and the State bond supply grant and loan funding for the Mountain Counties future water development. The reasons for this are many, including most importantly that we simply do not have the rate base to do it alone, and recognizing the fact that we are talking about a relatively modest amount of water for our region - - a region which is the source of multiple watersheds and significant water supplies for others, and which is also a region which serves as a recreational playground for the rest of the State. Our region certainly expects to cost-share to the extent it reasonably can, but the funding of today's development and environmental compliance and mitigation costs are otherwise out of our reach.

We add that we also support watershed management as an important component of CALFED program. Although watershed management is not expected to provide any significant increase in water quantity, it will yield water quality benefits. These measures are too expensive for our local areas to support alone, and therefore will also require financial help from CALFED in recognition of the widespread benefits they provide.

In summary, we look upon the CAL-FED process as an opportunity to meet our regional water needs as part of the larger solution to California's Bay-Delta problems.

Thank you for the opportunity to comment on this important undertaking.